

MICHAEL H. MICHAUD
2ND DISTRICT, MAINE

WASHINGTON OFFICE
1724 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
PHONE: (202) 225-6306
FAX: (202) 225-2943
www.michaud.house.gov

Congress of the United States
House of Representatives
Washington, DC 20515

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January 27, 2011

Julius Genachowski, Chairman
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Dear Chairman Genachowski:

I am writing to express my concerns with an issue that was brought to my attention by several small rural telephone companies in the State of Maine. I understand that the FCC is currently considering a petition to preempt a decision that the Maine Public Utilities Commission (PUC) made to ensure continued access to affordable telephone services to the residents of rural Maine. In making a final decision, I hope that you will carefully consider the process that was undertaken in Maine and the conclusion that was ultimately reached by the Maine PUC.

It is my understanding that in November 2007, Time Warner Cable (through its wholesale partner CRC Communications) filed a petition with the Maine PUC asking that the Commission commence mandatory arbitration proceedings between Time Warner and CRC and five rural telephone companies. Time Warner hoped to receive the accommodations necessary to expand its phone service into some of the areas currently served by the other companies. However, in May 2008, the Maine PUC ruled that arbitration could not proceed because the five rural telephone companies were protected by the "Rural Exemption."

Congress adopted the Rural Exemption to protect smaller rural carriers from competition that would create revenue losses that could threaten universal service goals. This is a particular concern when a competitor proposes an expansion into the densest service areas while leaving the sparser and less profitable areas to be served by the rural telephone companies. In establishing the Rural Exemption, Congress intended to prevent situations in which additional competition would cause rate increases for remaining customers and jeopardize the ability of rural telephone companies to meet universal service goals.

WCB
USF
- Low Income
0112

BANGOR:
6 STATE STREET, SUITE 101
BANGOR, ME 04401
PHONE: (207) 942-6935
FAX: (207) 942-5907

LEWISTON:
179 LISBON STREET, GROUND FLOOR
LEWISTON, ME 04240
PHONE: (207) 782-3704
FAX: (207) 782-5330

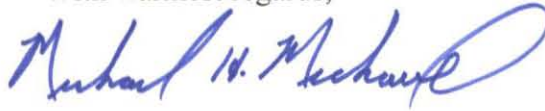
PRESQUE ISLE:
445 MAIN STREET
PRESQUE ISLE, ME 04769
PHONE: (207) 764-1036
FAX: (207) 764-1060

WATERVILLE:
16 COMMON STREET
WATERVILLE, ME 04901
PHONE: (207) 873-5713
FAX: (207) 873-5717

The Maine PUC agreed to interpret Time Warner's arbitration petition as a formal request to terminate the Rural Exemption and established a proceeding based on the process outlined by Congress. In July 2010, the Maine PUC ruled that the Rural Exemption should not be terminated for these companies. Rather than seek reconsideration of the July 2010 decision to maintain the Rural Exemption, Time Warner has filed a petition that questions the soundness of the May 2008 ruling. Time Warner's effort to disregard a two-year process by the Maine PUC that they voluntarily participated in, rather than simply question the soundness of the final decision itself, is concerning.

Congress intentionally provided that a decision whether to terminate the Rural Exemption should be made by the State PUC, which is closer to the service areas, economics and effects on customers. I sincerely hope that the FCC will give due consideration to the position of the State of Maine, as reflected in the decision of the Maine PUC, before reaching a final decision.

With warmest regards,



Michael H. Michaud
Member of Congress

cc: Michael J. Copps, Commissioner
Robert M. McDowell, Commissioner
Mignon Clyburn, Commissioner
Meredith Attwell Baker, Commissioner



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

March 29, 2011

The Honorable Michael H. Michaud
U.S. House of Representatives
1724 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Michaud:

Thank you for your letter regarding Time Warner Cable's and CRC Communications of Maine's petition for preemption of an order by the Maine Public Utilities Commission.

Congress gave states an important role in the process established for balancing local competition and universal service objectives, and the Commission will weigh Congress's intentions carefully during its examination of this petition. The comment cycle closed on September 13, 2010, and Commission staff has met with parties to the proceeding on several occasions – most recently on February 28, 2011. The Commission will give full consideration to the concerns of all interested parties as it deliberates on the matter.

I have ensured that your letter will be included in the record of this proceeding. Please let me know if I may be of further assistance.

Sincerely,

A handwritten signature in dark ink, appearing to read "Julius Genachowski", is written over a horizontal line. The signature is fluid and stylized, with a long, sweeping underline that extends to the right.

Julius Genachowski